

Brazilian politics**Brazil's Amazon sugarcane plan sours prospects for EU-Mercosur trade deal**

Bolsonaro's decision to allow cultivation emerges as further obstacle to ratification



Jair Bolsonaro decided earlier this month to repeal a 2009 decree that prevented sugarcane production in the Amazon © Bloomberg

Anna Gross in London and Bryan Harris in São Paulo YESTERDAY

Brazilian president Jair Bolsonaro's decision to allow sugarcane cultivation in the Amazon region has emerged as a further obstacle to a landmark trade deal between the EU and South America, European Commission officials have warned.

The [EU-Mercosur deal](#), which was sealed in June this year after two decades of negotiations, will slash tariffs on each side's exports. Big prizes for the EU included reduced duties on industrial goods and wine, while South American producers will receive preferential access to European beef, poultry and sugar markets.

But the deal — which has faced criticism from the French and Irish governments as well as the Austrian parliament — is expected to face a lengthy ratification process as each member state has to approve it.

Officials from the European Commission said they were “assessing the implications” of Mr Bolsonaro's decision earlier this month to repeal a 2009 decree that prevented sugarcane production in the Amazon. If they find that things are going “in the wrong direction”, it would “complicate the ratification process”, the official said in an email in response to queries from the Financial Times. The ratification process is due to begin next year.

Brazilian government representatives were unavailable for comment.

New data released on Monday showed deforestation in the Brazilian Amazon has soared this year to its highest level in more than a decade. In the 12 months to the end of July, deforestation

reached almost 9,800 sq km, up 30 per cent from the previous year, according to Brazil's space research agency.

The figures will be a further blow to the country's environmental credentials under Mr Bolsonaro, who favours opening the rainforest to commercial activity.

Brazil exported 34,000 tonnes of sugarcane ethanol to the EU in 2018 but under the proposed terms of the new Mercosur agreement it plans to increase exports to 650,000 tonnes. Critics say it is not necessary to open up new areas of land for cultivation because there are already 44m hectares of degraded land, mostly in the south of Brazil, that would be suitable for expansion.

"This decision will tarnish the image of Brazilian ethanol in the world," wrote former environment minister Carlos Minc, who was responsible for former president Luiz Inácio Lula da Silva's introduction of the 2009 ban, in a Twitter post.

"The end of the sugar cane zoning decree will only benefit 1.5 per cent of sugarcane producers in Brazil," said Raoni Rajão, a professor at the Federal University of Minas Gerais. "It doesn't make sense from an economic perspective, since it puts at risk the exports of the other 98.5 per cent of the country's production."

Many EU diplomats are sceptical about the prospects for ratification of the EU-Mercosur deal as resistance has grown, including from European farmers who feel that the import quotas for Latin American agricultural products are too large.

Though the European Commission was given a mandate to negotiate the deal by member states, those states are not bound to accept the terms and must individually ratify it at national level.

"We [Brazil] need to make a prior demonstration of our ability to protect the [environment](#) otherwise Europe is just going to be displacing emissions to Brazil," said Britaldo Soares Filho, a professor of cartography and land use change at the Federal University of Minas Gerais.

In another move that could complicate the ratification process, Brazil's agriculture ministry has voiced criticism of the "soy moratorium" — an international ban on buying soybeans from deforested parts of the Amazon — which has been credited with significantly reducing rates of forest loss. Following renewed lobbying this month from agribusiness interests, Tereza Cristina, the country's agriculture minister, called the ban "absurd".

"I think what the government is trying to say is the Amazon is ours and we'll do what we need to do with it, they just don't care," said Monica de Bolle, senior fellow at the Peterson Institute for International Economics in Washington. "The really frightening thing about all of this is that they clearly have very wrong numbers in their head about how much deforestation means for how close we are to the tipping point where the Amazon starts to die off."

Brazil's government has defended its decision to open up the Amazon for sugarcane production. It said the previous zoning standards were outdated and were impeding the development of sugarcane-based biofuels. It also said newer laws provided enough protection against deforestation.

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